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THIS IS UNEVALUATED INFORMATION

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1. There are over 500 import-export, or trading firms in Tientsin. Of these about 300 have been voluntarily combined into 15 groups, following Government directives. These groups are known as the United Import-Export Company. These are firms which have special contacts abroad, specialized business experience, or high financial standing. Government help and capital are being provided for those who have assets to assist in changing them over to small industrial manufacturing.
2. Over all of the newly grouped firms is the Trade Association of Importers and Exporters which is organized along the lines of the old guilds. This organization is the link of control between the government and the traders or merchants. It is this organization which receives the government orders to buy government bonds, to contribute to funds, to enforce regulations, or to pay special tax levies.
3. According to the prescribed formula, each firm member must pay a dividend of five percent out of net earnings, followed by the deduction of a bonus of ten percent for the managerial personnel, staff and workmen. Whatever free surplus is left must go back into the business for capital extension, replacement, or improvement.
4. In any business the most important watchdogs for the government are the book-keepers and accountants, all of whom must be trained at their unions. Thus, they are made responsible first to their unions, and report all business or accounting irregularities to the unions. They are always guaranteed a job by the union. Under this system no business dares to water its accounts or falsify tax returns.
5. Except for a few large firms which can stand alone, the remaining 200 companies will be forced to drop out of business.

Comment. Although many think that Communist China is facing bankruptcy, actually the realistic methods of the Communists are putting China well on the road to economic stability, within the present hard limitation of austerity, and provided the Korean War can be quickly stopped.

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25 YEAR RE-REVIEW

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